

STATE OF CALIFORNIA

ENERGY RESOURCES CONSERVATION AND DEVELOPMENT COMMISSION

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| In the Matter of: |) | Docket: 01-AFC-10 |
| |) | |
| Application for Certification |) | Energy Commission Staff's Request |
| of the Colusa Power Project |) | for a Revised Schedule Order |
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| |) | |
| |) | |
| |) | Date: December 14, 2001 |

Introduction

On June 29, 2001, Reliant Energy filed an application for a nominal 500 MW power plant called Colusa Power Plant Project (CPP). On August 15, 2001 the application was accepted as complete for a 6-month AFC process. On October 23, 2001 Energy Commission staff (staff) filed a petition with the Committee to remove CPP from the 6-month review process and place it under the standardized 12-month process. Reliant Energy (the applicant) objected to the staff's petition and requested a hearing before the Committee. The Committee held a status conference to address the staff's petition on November 27, 2001. During the status conference the staff and applicant discussed at length the information needed for staff to conduct an adequate review of the project, as well as, the timeframes needed to provide the information and conduct the review. Staff addressed particular concerns in the areas of Transmission System Engineering, Biology, Air Quality, and Land Use. The Committee issued an Order on Project Status and Schedule November 30, 2001. The Committee order states that the applicant must file "critical path items" by December 10, 2001. These critical path items are listed as follows:

Biology: Description & Assessment of Potential Impacts of Cortina
(double) Loop Line
TSE: Applicant's Transmission Studies and Cal-ISO Comments
Land Use: Copy of Amended General Plan Amendment & Rezone
Application
Air Quality: Offset Package Details

On December 7, 2001 the applicant filed supplemental information in the areas of transmission system engineering, biology, air quality, and land use. Staff has reviewed the information filed by the applicant and concluded that it is not sufficient to meet the Committee's order requiring applicant to file "critical path information". Staff believe, based on the Order issued by the Committee, that the schedule is tolled pending receipt of complete information from the applicant. Staff additionally requests that the Committee extend the timeline between release of the PSA and release of the FSA. The reasons for these requests are outlined below.

The Information Submitted by Applicant on December 7, 2001 is Not Sufficient to Meet the Committee's Order Requiring Applicant to File Critical Path Information by December 10, 2001.

The applicant filed information in the areas of transmission system engineering, biology, air quality, and land use on December 7, 2001. The Committee, applicant, and the staff extensively discussed the critical information needed by staff to conduct its assessment at the status conference on November 27, 2001. Additionally staff and the applicant spent a significant amount of time at the recess discussing exactly what information in each area would be needed for the staff to issue a complete PSA that could be utilized by Colusa county for local land use decisions. Staff has reviewed the information filed by the applicant and believes it does not meet the requirements of the Committee's November 30, 2001 order.

Transmission System Engineering

Staff has serious concerns as to what mitigation will be required for the applicant to reliably interconnect with PG&E's transmission system. The applicant provided an initial system impact study with its AFC as part of the data adequacy requirements. After data adequacy staff received the final PG&E interconnection study. This study stated that mitigation for potential spring overloads would need to occur in order for the CPP to interconnect with PG&E's transmission system. PG&E proposed three mitigation measures (rerating, reducing MW, or reconductoring 15 miles of transmission line). Applicant initially indicated that it would have to reductor 15 miles of transmission line (See Final Impact Study submitted by PG&E). CAISO submitted a comment letter

providing preliminary approval of the PG&E final interconnection study with comments that a double loop in at the Cortina substation may also be appropriate and reconductoring not necessary. CAISO indicated that additional studies are needed regarding the double loop in. The applicant has now indicated that it prefers the CAISO proposal and has stated this should be included as part of the project description.

Staff and applicant had extensive discussion on this topic during the status conference on November 27, 2001. Staff stated it would analyze the applicant's proposed mitigation, and address the concerns raised by PG&E within the staff assessment. In order to review the proposed mitigation staff stated it would need an impact study that included the double loop in. The applicant indicated studies have been completed to assess proposed mitigation, and would provide these studies to staff.

The information filed by the applicant on December 7, 2001 is significantly incomplete and not sufficient for staff to conduct an analysis of the proposed double loop in mitigation. The applicant needs to provide a complete system impact study that includes the proposed mitigation (this is a data adequacy requirement, applicant has now changed the project with this proposed mitigation and needs to provide the same information it would provide for data adequacy in order for staff to conduct an initial review of the project). The applicant is aware of the level of information needed for staff to conduct its review and has failed to provide this information by the December 10, 2001 date ordered by the committee. Staff plans to issue data requests by the end of next week to identify additional information needed to conduct an adequate review of the project.

Biology

The applicant agreed, at the November 27, 2001 status conference, to provide the necessary description of the proposed double loop-in transmission mitigation in order for biology staff to complete its initial analysis. The applicant did provide a rough map of the Cortina substation and a list of potential species that could occur in the area. However, the applicant failed to provide information on whether the impacts to the area would be permanent or temporary; whether the impacts would be in upland areas; and

whether new transmission towers would be needed (and if so, where). Staff requires specific information regarding the change in project description in order to conduct an analysis. Staff will issue data requests in this area by the end of next week.

Air Quality

The staff and the applicant could not reach agreement on the air quality issues during the status conference on November 27, 2001. The outstanding issues were discussed at length with the Committee (see transcript pg. 28, line 7 through pg. 29, line 245, and pg. 33, line 9 through pg.40 line 7). Staff clearly indicated it needed more information than that which the applicant was willing or able to provide by December 10, 2001. The parties discussed, with the Committee, information that included the need for the Final Determination of Compliance (FDOC) v. Preliminary Determination of Compliance (PDOC), air offsets packages (both for agricultural burning and the proposed conversion of the PG&E compressor station), and administrative conditions that the local air district would require.

Staff stated that it would need specific details regarding the PG&E compressor station. Staff need to have some documentation between PG&E and the applicant that demonstrates they are in active negotiations concerning the conversion of the compressor station, and a timeframe in which the conversion will be completed. No additional information has been docketed concerning the PG&E compressor station (although some calculations have been informally emailed to staff regarding the conversion of the two engines). The information that staff has received concerning the conversion of the compressor station does raise additional questions for staff. The conversion of the compressor station decreases NOx emissions but will increase the emissions of other pollutants (increases of 62.7 tons per year (tpy) of CO, 18.4 tpy of ROC, 1.8 tpy of PM-10, and 0.3 tpy of SO2). There is no discussion of proposed mitigation for these potential emissions increases, or whether the applicant is proposing mitigation for these increases. Staff is particularly concerned about the increases in ROC and PM-10 emissions that will result from the compressor conversion.

The data provided in the applicant's filing only identifies in totality PM-10 offset sources; this is not a comprehensive offset package. For Colusa County Air Pollution Control District (CCAPCD) LORS compliance the project must offset PM-10, NOx, and VOC emissions above the District's offset threshold using appropriate distance ratios. For CEQA mitigation compliance the project must provide a minimum 1:1 offset ratio for all non-attainment pollutants and their precursors (PM-10, NOx, VOC, and SO2). CEQA mitigation compliance has not been addressed.

The staff also must have additional information concerning the proposed road paving. The applicant has not provided information needed to fully address the road paving strategy. Staff is concerned about the calculation basis for the road paving offsets, and the staff is not assured that this type of emission reduction is appropriate to offset emissions from a combustion source. Additionally, the applicant has not established that it has sought or has been granted approval to pave Lurline Road from the County.

The applicant's filing did not contain information related to the local air district's administrative conditions set forth in the PDOC which staff commented on. This issue was discussed extensively at the status conference (November 27, 2001) in relation to the staff's request that the initial assessment not be released until the staff had an opportunity to review and incorporate information set forth in the FDOC. To date, neither the applicant nor the air district have provided information to staff relating to changes in the proposed conditions stated in the PDOC. At this time, given the lack of information provided by the applicant and Colusa County Air Pollution Control District (CCAPCD), staff cannot develop appropriate conditions that would mitigate potential significant adverse impacts, nor can the staff produce an assessment that will meet the county's need for CEQA compliance in making local land use decisions. Staff will issue additional data requests next week to clarify the information needed to conduct an adequate initial review of the air quality section.

Land Use

The applicant filed a revised application with the county for a request to amend the general plan, rezone the proposed site, and create a new parcel (tentative map). The revised application was docketed with the Energy Commission on December 7, 2001. The applicant has previously indicated that it planned to submit a revised application with the county that includes: a request for a smaller parcel size, a general plan amendment to “Industrial” and a rezone to a M-2 (Heavy Industrial) zone district with a planned development zone overlay that would allow for only this project. The revised application filed by the applicant with the county requests a general plan amendment and rezone to “Special Use” designation. Staff’s review of the county general plan and zoning ordinances does not indicate the existence of a special use general plan or zone district designation. The staff has contacted the county and requested a copy of the county’s proposed general plan amendment and zone reclassification. In order for staff to complete its review, staff must have clarification (i.e., general plan amendment resolution and draft zone ordinance) of the proposed new designation by the county. Staff also seeks clarification on whether the county is in fact supportive of this proposal for a new land use designation, or prefers the original proposal presented by the applicant for an industrial designation and M-2 (heavy industrial) zone/planned development overlay (stipulation that only one power plant to be built on the subject property).

In Order to Ensure Adequate Public Participation, Incorporate Public Comment, and Allow for a Complete Staff Assessment, Staff Needs a Minimum of Six Weeks Between the Release of the PSA and FSA.

The Committee’s proposed schedule states that the FSA must be released three weeks after filing the PSA. Staff has serious concerns about the short time frame provided. The staff needs to conduct PSA workshops in Colusa. The public has raised concerns, particularly in the area of air quality and land use. Staff believes that not all outstanding issues will be resolved in the short time allotted between the PSA and FSA (need for preliminary approval by CAISO of applicant’s proposed mitigation, additional information on PG&E compressor station conversion, FDOC, and local land use decisions). The county plans to have at least one joint workshop with the staff to address local land use decisions, and the planning commission will need at least a 30-day review

period before making a recommendation to the board of supervisors. Additionally, the issue concerning “Special Use” zone (see land use discussion above) may take additional time as the county may need to develop a new zoning designation.

Staff needs to incorporate public comments, planning commission actions, and additional technical information that likely will not be provided until sometime after the PSA. In order for staff to make appropriate recommendations, and ensure that an adequate review has been completed, staff needs a minimum of six weeks between the PSA and FSA. Staff requests that the Committee revise the schedule to reflect the additional time needed to complete the project review.

Conclusion

Staff has reviewed the information filed by the applicant for the CPP, and determined that it is insufficient. Staff believes the applicant has not met the requirements set forth in the Committee’s November 30, 2001 order, and therefore the schedule is tolled pending receipt of complete “critical path” items. The PSA must incorporate complete information for each technical area in order for the county to utilize the staff’s assessment as its CEQA documentation for local land use decisions. Staff will issue data requests next week to clarify exactly what information it expects the applicant to file in order to issue its initial assessment. Staff will be prepared to issue its initial staff assessment 30 days from receipt of the last critical item. Staff also respectfully requests that the Committee revise its scheduling order dated November 30, 2001 to allow staff a minimum of six weeks between the release of the PSA and FSA. Please see attached schedule proposed by staff, which includes a list of specific critical path items.

Date: December 14, 2001

Respectfully submitted,

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**ENERGY COMMISSION STAFF'S PROPOSED 12-MONTH
SCHEDULE FOR THE COLUSA POWER PROJECT (01-AFC-10)**

| | Activity | Day |
|----|--|-------------------|
| 1 | Applicant submits information in response to Committee Hearing Order | December 7, 2001 |
| 2 | Staff files data requests on supplemental information | December 21, 2001 |
| 3 | Applicant files data responses and provides the following critical path items. <input type="checkbox"/> Completed PG&E System Interconnection Study for double-loop in to the Cortina substation proposal. <input type="checkbox"/> CAISO preliminary approval of the revised System Impact Study (with double-loop analysis). <input type="checkbox"/> Complete responses to all of staff's data requests. | 0 |
| 4 | Staff produces Preliminary Staff Assessment | 30 ¹ |
| 5 | Staff holds PSA workshops | 50 and 51 |
| 6 | Colusa County Air Pollution Control District issues Final Determination of Compliance from the Colusa County Air Pollution Control District | 60 |
| 7 | Colusa County Planning Commission hearing on the applicant's rezone and tentative map requests | 65 |
| 9 | Staff produces Final Staff Assessment | 72 |
| 10 | Status conference | 98 |
| 11 | Evidentiary hearings | 103 |